

Estimated
Report of Obligations Incurred on Activities
for Report of the Subcommittee on
Relating to Foreign Strategic Intelligence *for FY 1960*
Activities

In meetings attended by the appropriate staff members of the Army, Navy, Air Force and the Office of the Secretary of Defense, the following points were agreed upon as a proposal to the USIB:

1. A revised cost report was devised with an abbreviated stub designed to show for the main Foreign Strategic Intelligence activities the cost of collection, production, and collateral functions. (Tab A)
2. The next report would cover Fiscal Year 1959; would be based on actual obligations; would be submitted to the Office of the Secretary of Defense on October 15, 1959, and after consolidation, to the USIB and the Bureau of the Budget on October 31, 1959. ?
3. The semianual report to the President's Board would either be eliminated or in any event would not include any cost information. ?
4. A subcommittee should develop an improved presentation to the President and the President's Board. This is considered important so that the limitations of the cost report could be clearly indicated and understood by all users of the report. For example, the treatment of unidentified support costs should be clearly explained. ?

It should be recognized that there are differences in the methods of accounting and allotting funds for general indirect support and overhead costs which make it impossible to provide more than arbitrary estimates of the costs in these areas.

CONFIDENTIAL

CONFIDENTIAL

Foreign Strategic Intelligence

1. General

a. A cost report is required from each agency conducting foreign strategic intelligence activities. The agency financing the activity will be responsible for including those costs which are applicable to the report.

b. For the purposes of this report, "Foreign Strategic Intelligence Activities" are considered to be the collection, processing, analysis and dissemination of intelligence pertaining to the capabilities and vulnerabilities of foreign nations which is required by departmental and national planners for the formulation of an adequate national defense in times of peace and forms the basis for projected military operations in time of war.

c. The report will cover an estimated distribution of the obligations incurred as well as an estimate of related man-years during Fiscal Year 1959 for foreign strategic intelligence activities. Subordinate commands should report only those costs incurred in developing and furnishing intelligence to higher headquarters in response to specific intelligence tasks levied upon them by the department or agency.

d. No obligations will be shown for such activities as intelligence on domestic affairs, internal security, counterintelligence, tactical or combat intelligence and COMSEC activities.

e. For the purposes of this report, all direct identifiable obligations as well as indirect identifiable obligations (unless specifically excluded below) will be shown. By direct identifiable obligations are meant those obligations actually incurred by the command, bureau, service, or comparable organization which actually performs the activity, receives direct funding, and can identify the obligation with the activity. By indirect identifiable obligations are meant those obligations which appear in other commands, bureaus, services, or comparable organizations as a part of their budget operations and can be identified to the intelligence activity, e.g., R&D projects performed for strategic intelligence purposes.

f. Unidentifiable support costs should be described in a narrative statement.

g. Military personnel assigned to NSA, CIA, etc., will be shown as an indirect identifiable cost by the agency of duty assignment.

2. Information to be Submitted

An original and one copy of the report in the form of the attached Exhibit A will be submitted to the Chief, International Division, Bureau

CONFIDENTIAL

CONFIDENTIAL

of the Budget, not later than 1 November 1959. The submission will be assigned an appropriate security classification by the originating agency.

Individual reports should be prepared by the Office of the Secretary of Defense, the Department of the Army, Navy and Air Force, the Joint Chiefs of Staff, and the National Security Agency, and submitted to the Bureau of the Budget through the Office of the Secretary of Defense.

CONFIDENTIAL